'Agriculture, the Commonwealth and America' from Le Monde

Caption: On 20 January 1962, in its coverage of the negotiations on the United Kingdom's accession to the European common market, the French daily newspaper Le Monde looks at the contentious issue of agricultural products from the Commonwealth

Source: Le Monde. dir. de publ. Beuve-Méry, Hubert. 20.01.1962, n° 5 291; 19e année. Paris: Le Monde. "La Grande-Bretagne rejoint l'Europe", auteur:Uri, Pierre , p. 1; 15.

III - Agriculture, the Commonwealth and America

There are three strands in the problem of agricultural products: the difference in approach between British and continental agricultural policy, competition from Commonwealth products, and tropical products.

Rather than increasing domestic prices as a result of protectionist measures, Great Britain allows its producers, by means of subsidies, to lower their prices to the level of foreign competitors. This has considerable advantages. It allows for competition; it reduces the cost of food, which for poorer households represents a particularly high proportion of the family budget, to such an extent that it brings about a massive redistribution of real income; and it puts the burden on other countries which gain access to the British market for their producers only at the cost of enormous subsidies. But it depends on one major precondition: that domestic demand far outstrips domestic supply. The situation on the continent is quite different since output tends to exceed demand. Given that a common agricultural policy is essential for a common market, the British themselves realise that they will have to phase out their system.

Nevertheless, this system allowed them to absorb agricultural products from the Commonwealth: cereals, meat and dairy products. The most acute political problem facing Great Britain concerns New Zealand dairy products, but this is precisely the sector where over-production tends to be greatest in Europe. Maintaining free access to the British market for all these products would deprive Common Market producers of the outlets on which they had been counting. It also flies in the face of the common agricultural policy that is beginning to take shape today, which involves maintaining import levies for non-Community countries while gradually eliminating them between Common Market countries. Removing this protection would mean suddenly switching to Europe the preference that the Commonwealth had so far enjoyed. Guaranteeing markets for Commonwealth products would mean creating a system of preferences that would be unacceptable to the United States. Given existing agricultural policies, there seems to be no way out.

Seeing agriculture in terms of world needs

The fact is that Western agricultural policies have reached a stalemate everywhere. For political reasons they hinder a gradual reduction in employment levels in farming, the surest means of expanding overall productivity and increasing the productivity, and hence the real incomes, of farmers themselves. Even more dramatic is the fact that those policies strive to reduce surpluses at a time when statistics clearly show that three-fifths of the world's population are under-nourished and a billion children are going hungry. The advanced countries dream up ways of dumping their surpluses on each other, overcoming all sorts of barriers that they have themselves gone to so much trouble to erect against each other. If a tragic failure is to be avoided, agricultural policy will have to be gradually redefined within more meaningful parameters. If reasonably generous aid were to be given to developing countries, then a world market could be recreated at a stroke, normal prices restored and agricultural production reassigned to its proper purpose, which is not to build up food mountains but to feed the hungry. There would be room enough for both European imports and exports. The policy has to be thought out anew between Europe, the United States and the Commonwealth, and this could be a major task for the newly created OECD. And while this is only a longer term prospect, it does all the same suggest that the common agricultural policy that the Six are trying so hard to put together can be seen only as an interim arrangement, aimed at dealing in the present context with an emergency situation. The priority now is to reassure the Commonwealth without discriminating against the United States. The only way to do this is through a joint statement setting out the way forward for agricultural policy in a new, enlarged Community. The fundamental policy driver in the long term will have to be world population growth and the now chronic malnutrition in large parts of the world. In the shorter term, the agricultural policy should be one whose overall provisions maintain the Commonwealth's global outlets without any form of preferential arrangement. A safeguard clause would allow Great Britain to offer the Commonwealth preferential access as and when this balance was upset.

Organising trade in tropical produce instead of 'preferential treatment'

Tropical products do not compete directly with European agriculture. The common tariff covering such products therefore does not protect them in the market of origin but in the European markets where they are sold. This protection thus becomes a preference, and it seems that a preference given by a country to its own products is natural and acceptable whilst protecting another country's market access represents a skewing of trade flows. However, this can be justified in the case of African countries because their industries are in their infancy and are far less advanced than their South American rivals, for example.

This solution nevertheless causes serious difficulties for relations with those regions that are excluded and therefore complain about discrimination, and is, in any case, far from being satisfactory for those it was intended to help. On some products, the differences in customs duty are non-existent or very small, while on others the impact of these differences is weakened or delayed because of tariff quotas in favour of third countries. What is more, they do not prevent prices from fluctuating or declining in line with world prices.

If Britain were now to join the Common Market it would be unthinkable for Commonwealth producers of tropical products not to enjoy the same treatment as the countries already enjoying associated status. At the same time, Great Britain would have to assume its share of the commitments entered into by its partners. However, this major enlargement of the Community brings a sudden shift in the system of preferences. While it covered a small fraction of output in each category it could be defended and was indeed totally legitimate, but the picture starts to look very different when the scheme suddenly extends to the bulk of production in those categories and when it would be easier to list 'those left out in the cold'. Provided agreement could be reached with the countries involved, the Six were already considering reducing the preferences by guaranteeing equivalent benefits of a different nature. Emphasis was already being placed on the effectiveness of the French stabilisation and guarantee funds and it was already being suggested that the other Common Market partners come in on the funds. We can imagine therefore the combined impact of the French funds and the British marketing boards, which do after all serve a similar purpose. And we can imagine too the force of concerted action by the enlarged European Community, when it brings its influence to bear in the major international forums in favour of stabilising markets, global foreign receipts or prices for all developing countries.

What looked like a partial failure when the first Association Agreement was limited to five years, today can be seen as an opportunity. Those countries on whose behalf the European powers made the decisions have, in the meantime, all become independent and will be able to exercise their freedom of choice and negotiate, as sovereign states, continued association. The offer of a similar status to Commonwealth countries with comparable economies puts them on an equal footing with the original associated members.

A brave campaign by the US Administration

Association means something totally different when it is with industrialised countries in the Commonwealth or the European Free Trade Association. It will require particularly broad economic commitments to avoid seeming to discriminate against the United States and Latin America, which, given current circumstances, is the least desirable form of discrimination. Ultimately, everything depends on the American negotiating stance and, under existing legislation, it has to be said that Washington has its hands tied. Tariff cuts can only be agreed on an item-by-item basis and once studies have proven that the industrial sector concerned will not be adversely affected. That means that the room for concessions is very limited and the domestic economic effect can only be zero. The Administration has been making brave attempts to win the right to negotiate overall cuts, doing away with these restrictions. Will fascination for the Common Market and the fear that the tariffs maintained by both sides could cause the United States to lose more by forfeiting exports than they gain by avoiding imports, lead public opinion to accept this move? There is an important line in the sand here which changes the meaning of the negotiations and sets the stage for a blueprint of an Atlantic free market. This possibility is vital for the industrialised Commonwealth countries just as it is for the neutral states in Europe, because it is difficult to imagine a halfway house between aligning with the American system and full membership of the Common Market. But things are on the move, and the creation of the European Community is more than ever the catalyst for the West's 'permanent revolution'.

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